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THE BALTIMORE AND OHIO RAILROAD COMPANY

AND

**UNITED STATES MORTGAGE AND TRUST
COMPANY,**

Trustee.

Trust Indenture,

Dated July 1, 1919.

\$35,000,000 Ten Year Six Per Cent. Secured Gold Bonds.



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This Trust Indenture, dated the first day of July, in the year nineteen hundred and nineteen between THE BALTIMORE AND OHIO RAILROAD COMPANY, a corporation created and existing under the laws of the State of Maryland (hereinafter called the Railroad Company), party of the first part, and UNITED STATES MORTGAGE AND TRUST COMPANY, a corporation created and existing under the laws of the State of New York (hereinafter called the Trustee), party of the second part:

WHEREAS, in order to borrow money for the objects of the Act under which it was incorporated, the Railroad Company by resolutions duly adopted by its President and Directors, at a meeting duly called and held, has duly determined to execute and issue its Bonds (coupon and registered) limited to the aggregate principal amount of Thirty-five Million Dollars (\$35,000,000) at any one time outstanding, to be known as its Ten Year Six Per Cent. Secured Gold Bonds; to be dated July 1, 1919, to be payable July 1, 1929, to bear interest from July 1, 1919, at the rate of six per cent. per annum, payable semi-annually on the first day of January and the first day of July in each year; to be payable as to both principal and interest at the office or agency of the Railroad Company in the Borough of Manhattan, in the City of New York, in gold coin of the United States of America, of or equal to the standard of weight and fineness as it existed on July 1, 1919, and to be payable as to both principal and interest without deduction for any tax, assessment or governmental charge (other than income taxes exceeding in the aggregate two per centum per annum) which the Railroad Company or the Trustee may be required to pay, or to retain therefrom, under any present or future law of the United States of America, or of any state, county, municipality or other taxing authority therein; and all the Bonds (but not part thereof), to be redeemable, at the option of the Railroad Company, on any interest date at the principal amount thereof and accrued interest together with a premium of two and one-half per cent. of such principal amount, upon sixty days prior publication as provided in this Indenture; and

WHEREAS, the coupon Bonds and the coupons to be there-
to attached and the registered Bonds without coupons and the
certificate of authentication of the Trustee to be endorsed upon
all Bonds are respectively to be in substantially the forms fol-
lowing, the blanks therein to be appropriately filled, viz.:

[FORM OF COUPON BOND.]

No.

\$1,000

UNITED STATES OF AMERICA.

STATE OF MARYLAND.

THE BALTIMORE AND OHIO RAILROAD COMPANY.

TEN YEAR SIX PER CENT. SECURED GOLD BOND.

The Baltimore and Ohio Railroad Company (hereinafter
called the Railroad Company), a corporation of the State of
Maryland, for value received, hereby promises to pay to the
bearer, or, if this bond be registered as to principal, then to the
registered holder hereof, on July 1, 1929, at the office or agency
of the Railroad Company in the Borough of Manhattan, in the
City and State of New York, the sum of One Thousand Dollars,
in gold coin of the United States of America of or equal to the
standard of weight and fineness as it existed on July 1, 1919,
and to pay interest thereon from July 1, 1919, at the rate of
six per cent. per annum, payable semi-annually at said office
or agency in like gold coin on January 1 and July 1 in each
year, on presentation and surrender, as they shall severally ma-
ture, of the coupons hereto annexed.

Both principal and interest of this bond are payable with-
out deduction for any tax, assessment or governmental charge
(other than income taxes exceeding in the aggregate two per
centum per annum) which the Railroad Company or the
Trustee under the Trust Indenture hereinafter mentioned may
be required to pay, or to retain therefrom, under any present
or future law of the United States of America, or of any State,
county, municipality or other taxing authority therein.

This bond is one of a series of bonds (coupon and registered), limited to the aggregate principal amount of Thirty-five Million Dollars (\$35,000,000) at any one time outstanding, known as the Ten Year Six Per Cent. Secured Gold Bonds of the Railroad Company, all issued and to be issued under and equally secured by a Trust Indenture, dated July 1, 1919, between the Railroad Company and United States Mortgage and Trust Company, as Trustee (herein termed the Trust Indenture). For a description of the nature and extent of the security and the terms and conditions upon which the bonds are secured, reference is made to the Trust Indenture.

This bond shall pass by delivery unless it shall be registered as to principal in the name of the owner at said office or agency of the Railroad Company, such registration being noted on the bond by or on behalf of the Railroad Company. After such registration no transfer shall be valid unless made at said office or agency by the registered owner hereof in person, or by his duly authorized attorney, and similarly noted on the bond; but the same may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; but this bond may again, from time to time, be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the coupons, which shall continue to be transferable by delivery merely.

The holder of this bond, at his option, may surrender the same for cancellation, with all unmatured coupons heretofore appertaining, in exchange for a registered bond without coupons, as provided in the Trust Indenture, and on payment, if the Railroad Company shall require it, of the charges therein provided for; and such registered bond may in turn be re-exchanged for a coupon bond.

In case an event of default, as defined in the Trust Indenture, shall happen, the principal of the bonds may become or be declared due and payable in the manner and with the effect provided in the Trust Indenture.

This bond is subject to redemption at the election of the Railroad Company on January 1, 1920, and thereafter on

July 1, or January 1 in any year, at the principal amount thereof and accrued interest, plus a premium equal to two and one-half per cent. of the principal amount thereof, upon sixty days' prior notice by publication, as provided in the Trust Indenture.

No recourse shall be had for the payment of the principal of or the interest upon this bond, or for any claim based hereon or otherwise in respect hereof or of the Trust Indenture, against any incorporator, stockholder, officer or director, past, present or future, of the Railroad Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof and as part of the consideration for the issue hereof expressly waived, as provided in the Trust Indenture.

This bond shall not be valid or become obligatory for any purpose until it shall have been authenticated by the certificate, hereon endorsed, of the Trustee under the Trust Indenture.

IN WITNESS WHEREOF The Baltimore and Ohio Railroad Company has caused this bond to be signed by its President or one of its Vice-Presidents, and its corporate seal to be hereunto affixed, and to be attested by its Secretary or an Assistant Secretary, and coupons for said interest, bearing the fac-simile signature of its Assistant Treasurer, to be attached hereto, the first day of July, 1919.

THE BALTIMORE AND OHIO RAILROAD COMPANY,

by

President.

Attest:

Secretary.

[FORM OF INTEREST COUPON.]

From which shall be omitted in the case of coupons maturing on January 1, 1920, the words "unless the bond hereinafter mentioned shall have been called for previous redemption."

No.

\$30

On the first day of _____, 19____, unless the bond hereinafter mentioned shall have been called for previous redemption, The Baltimore and Ohio Railroad Company will pay to bearer, at its office or agency in the Borough of Manhattan, in the City and State of New York, Thirty Dollars in United States Gold Coin, without deduction for taxes (other than income taxes exceeding in the aggregate two per centum per annum), being six months' interest then due on its Ten Year Six Per Cent. Secured Gold Bond No. _____.

Assistant Treasurer.

[FORM OF REGISTERED BOND WITHOUT COUPONS.]

No.

\$

UNITED STATES OF AMERICA.

STATE OF MARYLAND.

THE BALTIMORE AND OHIO RAILROAD COMPANY.

REGISTERED TEN YEAR SIX PER CENT. SECURED
GOLD BOND.

The Baltimore and Ohio Railroad Company (hereinafter called the Railroad Company), a corporation of the State of Maryland, for value received, hereby promises to pay to

or registered assigns, on July 1, 1929, at the office or agency of the Railroad Company in the Borough of Manhattan, in the City and State of New York, the sum of

Thousand Dollars, in gold coin of the United States of America of or equal to the standard of weight and fineness as it existed on July 1, 1919, and to pay interest thereon

from January 1 or July 1, as the case may be, next preceding the date hereof (unless this bond be dated July first or January first, and in that event from date), at the rate of six per cent. per annum, payable semi-annually at said office or agency in like gold coin on January 1 and July 1 in each year.

Both principal and interest of this bond are payable without deduction for any tax, assessment or governmental charge (other than income taxes exceeding in the aggregate two per centum per annum) which the Railroad Company or the Trustee under the Trust Indenture hereinafter mentioned may be required to pay, or to retain therefrom, under any present or future law of the United States of America, or of any State, county, municipality or other taxing authority therein.

This bond is one of a series of bonds (coupon and registered), limited to the aggregate principal amount of Thirty-five Million Dollars (\$35,000,000) at any one time outstanding, known as the Ten Year Six Per Cent. Secured Gold Bonds of the Railroad Company, all issued and to be issued under and equally secured by a Trust Indenture, dated July 1, 1919, between the Railroad Company and United States Mortgage and Trust Company, as Trustee (herein termed the Trust Indenture). For a description of the nature and extent of the security and the terms and conditions upon which the bonds are secured, reference is made to the Trust Indenture.

This bond is transferable by the registered owner hereof in person or by his duly authorized attorney at said office or agency of the Railroad Company, upon surrender and cancellation of this bond, and thereupon a new registered bond without coupons will be issued to the transferee in exchange therefor; or the registered owner of this bond, at his option, may surrender the same for cancellation at said office or agency in exchange for the same aggregate amount of principal in coupon bonds, all as provided in the Trust Indenture, and on payment, in either case, if the Railroad Company shall require it, of the charges therein provided for; and such coupon bond or bonds may in turn be re-exchanged for a registered bond or bonds.

In case an event of default, as defined in the Trust Indenture, shall happen, the principal of the bonds may become or be declared due and payable in the manner and with the effect provided in the Trust Indenture.

This bond is subject to redemption at the election of the Railroad Company on January 1, 1920, and thereafter on July 1 or January 1 in any year, at the principal amount thereof and accrued interest, plus a premium equal to two and one-half per cent. of the principal amount thereof, upon sixty days' prior notice by publication, as provided in the Trust Indenture.

No recourse shall be had for the payment of the principal of or the interest upon this bond, or for any claim based hereon or otherwise in respect hereof or of the Trust Indenture, against any incorporator, stockholder, officer or director, past, present or future, of the Railroad Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being by the acceptance hereof and as part of the consideration for the issue hereof expressly waived, as provided in the Trust Indenture.

This bond shall not be valid or become obligatory for any purpose until it shall have been authenticated by the certificate, hereon endorsed, of the Trustee under the Trust Indenture.

IN WITNESS WHEREOF The Baltimore and Ohio Railroad Company has caused this bond to be signed by its President or one of its Vice-Presidents, and its corporate seal to be hereunto affixed, and to be attested by its Secretary or an Assistant Secretary, the day of , 19 .

THE BALTIMORE AND OHIO RAILROAD COMPANY,

by

President.

Attest:

Secretary.

[FORM OF TRUSTEE'S CERTIFICATE ON ALL BONDS.]

This Bond is one of the Bonds described in the within mentioned Trust Indenture.

UNITED STATES MORTGAGE AND TRUST COMPANY,

Trustee,

by

Assistant Secretary.

AND WHEREAS the Railroad Company, in further pursuance as aforesaid of resolutions duly adopted by its President and Directors at said meeting duly called and held, has determined to secure said Bonds by the deposit and pledge under this Trust Indenture with United States Mortgage and Trust Company, the Trustee, of the securities hereinafter specified, and has authorized the execution and delivery of this Trust Indenture; and

WHEREAS all things necessary to make said Bonds, when authenticated by the Trustee and issued under this Trust Indenture, the valid, binding and legal obligations of the Railroad Company, and to make this Trust Indenture a valid, binding and legal agreement for the security thereof, have been done and performed;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH, that in order to secure the payment of all said bonds, which are hereinafter called the Bonds, at any time issued and outstanding under this Trust Indenture, according to their tenor, purport and effect, as well the interest as the principal thereof, and to secure the performance and observance of all the covenants and conditions therein and herein contained, and to declare the terms and conditions upon which the Bonds are issued, received and held, and for and in consideration of the premises and of the acceptance or purchase of the Bonds by the holders thereof, and of the sum of one hundred dollars, lawful money

of the United States of America, to it duly paid by the Trustee at or before the ensealing and delivery of these presents, the receipt whereof is hereby acknowledged, the Railroad Company hath sold, assigned, transferred, pledged and set over, and by these presents doth sell, assign, transfer, pledge and set over unto the Trustee, its successors in the trust, and its and their assigns, the following securities:

\$15,000,000 principal amount, Refunding and General Mortgage Bonds, Series B, of The Baltimore and Ohio Railroad Company, due December 1, 1995, issued under and secured by its Refunding and General Mortgage dated December 1, 1915, made to Central Trust Company of New York and James N. Wallace, as Trustees.

120,000 shares Reading Company First Preferred Stock, par value \$50 per share

280,000 shares Reading Company Second Preferred Stock, par value \$50 per share

184,000 shares Reading Company Common Stock, par value \$50 per share

and, pending the delivery to the Trustee of all or certain of such bonds or shares, cash as provided in Article Two of this Trust Indenture.

The certificates for said shares of stock are accompanied by transfers thereof in blank, duly executed by the persons or parties in whose names the said certificates are issued; said bonds carry interest from February 1, 1919, at the rate of six per cent. per annum, are registered in the name of the Railroad Company, are duly endorsed by the Railroad Company in blank for transfer and are in negotiable form.

TO HAVE AND TO HOLD all and singular said securities and cash (hereinafter sometimes called the trust estate) unto the Trustee and its successors in the trust and its and their assigns forever:

IN TRUST, NEVERTHELESS, for the common and equal use, benefit and security of all and singular the person or persons, firm or firms, body or bodies politic or corporate, who shall from time to time be holders of any of the Bonds or coupons thereto appertaining, and without preference of any of the Bonds over any of the others by reason of priority in the time of issue or negotiation thereof, or otherwise howsoever, subject to the terms, provisions and stipulations in the Bonds contained, and for the uses and purposes and upon and subject to the terms, conditions, provisos and agreements hereinafter expressed and declared:

ARTICLE ONE.

SECTION 1. The coupon and registered Bonds to be issued under and secured by this Indenture, together with the coupons appertaining to the coupon Bonds, shall respectively be substantially of the tenor and purport above recited, and the Bonds shall be known as the Railroad Company's Ten Year Six Per Cent. Secured Gold Bonds. From all coupons maturing on January 1, 1920, the words "unless the Bond hereinafter mentioned shall have been called for previous redemption" shall be omitted. The coupon Bonds shall be numbered consecutively from 1 upward and shall be of the denomination of one thousand dollars each. The registered Bonds without coupons shall be of the denominations of one thousand dollars and of such multiples of one thousand dollars as the board of directors or executive committee of the Railroad Company shall from time to time authorize.

The coupon Bonds shall bear date July 1, 1919, and the registered Bonds without coupons shall bear date of the day of their issue, respectively. At the option of the Railroad Company, any of such Bonds, as herein provided, may be executed, authenticated and delivered originally either as coupon Bonds or registered Bonds.

Whenever any Bond shall be issued hereunder as a registered Bond without coupons there shall be reserved by the Rail-

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Baltimore and Ohio railway company.

The Baltimore and Ohio railway company and United States mortgage and trust company, trustee. Trust indenture. dated July 1, 1919. \$35,000,000 ten year six per cent secured gold notes.

road Company unissued an aggregate principal amount or such coupon Bonds equal to the aggregate principal amount of the registered Bonds so issued, and the serial numbers of such coupon Bonds so reserved together with an appropriate statement with respect to such reservation shall be endorsed upon the issued Bond.

SECTION 2. The Bonds shall be signed in the name and on behalf of the Railroad Company by its President or one of its Vice-Presidents, and its corporate seal shall be thereunto affixed and attested by its Secretary or one of its Assistant Secretaries. The Bonds so signed, sealed and attested shall then be delivered to the Trustee for authentication by it, and thereupon, as provided in Article Two and not otherwise, the Trustee shall authenticate the same and deliver the Bonds to the Railroad Company, or upon its written order signed by its President or one of its Vice-Presidents, or by its Treasurer or one of its Assistant Treasurers under its corporate seal.

SECTION 3. In case any of the officers who shall have signed or sealed any of the Bonds shall cease to be such officers of the Railroad Company before the Bonds so signed and sealed shall have been actually authenticated by the Trustee, or delivered or sold or otherwise issued, such Bonds, nevertheless, may be adopted by the Railroad Company, and upon the written request of the Railroad Company shall be authenticated and delivered, and may be sold by the Railroad Company as though the persons who signed or sealed such Bonds had not ceased to be officers of the Railroad Company.

SECTION 4. The coupons to be attached to coupon Bonds shall be authenticated by the fac-simile signature of R. B. Luckey, the present Assistant Treasurer of the Railroad Company, and the Railroad Company may adopt and use for that purpose the signature of the said R. B. Luckey notwithstanding the fact that he shall have ceased to be such Assistant Treasurer at the time when any such Bonds shall be actually authenticated and delivered or sold or otherwise issued. The first coupon shall be payable January 1, 1920, and shall represent interest to that date from July 1, 1919. Each registered Bond shall bear interest from July 1 or January 1, as the case may be,

next preceding its date, unless such Bond be dated July 1, or January 1, and in that event from its date.

SECTION 5. Only such Bonds as shall bear thereon endorsed the Trustee's certificate, in the form or substantially the form hereinbefore recited, signed by the Trustee, shall be entitled to any right or benefit hereunder, or be valid or obligatory for any purpose; and such certificate of the Trustee upon any such Bond executed on behalf of the Railroad Company shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder, and that the holder or registered owner thereof is entitled to the benefit of this Indenture. Before authenticating or delivering any coupon Bond all coupons appertaining thereto, then matured, shall be cut off and cancelled, and such cancelled coupons shall on the written demand of the Railroad Company forthwith be delivered by the Trustee to the Railroad Company. The Railroad Company and the Trustee may deem and treat the bearer of any coupon Bond, which shall not be registered as to principal as hereinafter provided, and the bearer of any coupon for interest on any Bond, whether such Bond shall have been registered or not, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof, and for all other purposes whatsoever, and the Railroad Company and the Trustee shall not be affected by notice to the contrary. The Railroad Company and the Trustee may deem and treat the registered owner of any coupon Bond, which has been registered as to principal, and the registered owner of any registered Bond without coupons, as the absolute owner of such Bond for all purposes except payment of coupons, and the Railroad Company and the Trustee shall not be affected by any notice to the contrary.

SECTION 6. The aggregate principal amount of all the Bonds which may be issued and outstanding under this Indenture shall never at any one time exceed the sum of Thirty-five Million Dollars (\$35,000,000).

SECTION 7. The Railroad Company shall keep at an office in the Borough of Manhattan, City and State of New York, or

cause to be kept at some bank or trust company in said borough, books for the registration and transfer of the Bonds, which at all reasonable times shall be open for inspection by the Trustee; and upon presentation for such purpose the Railroad Company will register or cause to be registered therein as hereinafter provided, and under such reasonable regulations as it may prescribe, any of the Bonds.

SECTION 8. The holder of any coupon Bond may have the ownership thereof as to principal registered on said books of the Railroad Company at its said office or agency, and such registration noted on the Bond by or on behalf of the Railroad Company. After such registration as to principal no transfer shall be valid unless made on the Railroad Company's books by the registered owner in person or by his duly authorized attorney, and similarly noted on the Bond; but the same may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored; but such Bond may again from time to time be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the appurtenant coupons, but every such coupon shall continue to be transferable by delivery merely and shall remain payable to bearer.

SECTION 9. The holder of any coupon Bond or Bonds, at his option, may, at any time, surrender the same for cancellation with all unmatured coupons thereto appertaining and receive in exchange therefor a like amount of the principal thereof in registered Bonds without coupons, as hereinafter provided; and the registered owner of any registered Bond or Bonds without coupons at his option, may at any time surrender the same for cancellation and receive in exchange therefor a like amount of the principal thereof in coupon Bonds as hereinafter provided. Registered Bonds shall be transferable by the registered owner thereof, in person or by his duly authorized attorney, at said office or agency of the Railroad Company; and upon surrender and cancellation thereof, new registered Bonds without coupons shall be issued to the transferee in exchange therefor, as hereinafter provided.

SECTION 10. Whenever any coupon Bond or Bonds, together with all unmatured coupons thereto appertaining, shall be surrendered for exchange for registered Bonds, the Railroad Company shall issue, and the Trustee shall authenticate and deliver, in exchange for such coupon Bond or Bonds, a like amount of the principal thereof in registered Bonds without coupons, which shall have endorsed thereon the serial number or numbers borne by the coupon Bond or Bonds so surrendered for exchange. Whenever any registered Bond without coupons shall be surrendered for exchange for a coupon Bond or Bonds, the Railroad Company shall issue and the Trustee shall authenticate and deliver, in exchange for such registered Bonds, a like amount of the principal thereof in coupon Bonds, each bearing one of the serial numbers respectively endorsed upon the registered Bond so surrendered, and with coupons for interest thereto attached, maturing on and after the next ensuing interest due date on such surrendered registered Bond. Whenever any registered Bond shall be surrendered for transfer, the Railroad Company shall issue and the Trustee shall authenticate and deliver, in exchange for such registered Bond, a like amount of the principal thereof in new registered Bonds, which shall have endorsed thereon the same serial number or numbers of coupon Bonds which were endorsed upon the registered Bonds so surrendered. In every case of any such exchange or transfer the Trustee forthwith shall cancel the surrendered Bond, and, if a coupon Bond, the coupons appertaining thereto, and on its written demand shall deliver the same to the Railroad Company.

SECTION 11. For any exchange of coupon Bonds for registered Bonds, or of registered Bonds for coupon Bonds, and for any transfer of registered Bonds, the Railroad Company, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge connected therewith, and also the further sum of one dollar for each new Bond issued upon such transfer or exchange.

SECTION 12. In case any coupon Bond issued under this indenture or the coupons thereto appertaining, or any registered Bond without coupons, shall become mutilated or defaced or be

lost or destroyed, then on the terms herein set forth, and not otherwise, the Railroad Company shall issue, and thereupon the Trustee shall authenticate and deliver, a new Bond of like tenor and date, bearing, in the case of a coupon Bond, the same serial number as the one mutilated, defaced, lost or destroyed, and, in the case of a registered Bond without coupons, having endorsed thereon the same serial number or numbers of coupon Bonds as were endorsed upon the registered Bond so mutilated, defaced, lost or destroyed, in exchange and substitution for, and upon cancellation of, the mutilated or defaced coupon Bond and coupons, or registered Bond without coupons, or in lieu of and substitution for the same if lost or destroyed. The applicant for a substituted coupon Bond and coupons or registered Bond without coupons shall furnish to the Railroad Company and the Trustee satisfactory and sufficient evidence of the loss or destruction of such coupon Bond and coupons or registered Bond without coupons alleged to have been lost or destroyed, and of the ownership and authenticity of such mutilated, defaced, lost or destroyed Bond, and also indemnity in a sum sufficient to cover all possible risk, however remote, having as surety thereon a qualified surety company of high standing, and conditioned against all possible loss, damage, liability or expense; and shall pay all expenses and charges of such substitution or exchange. All Bonds issued under and secured by this Indenture are held and owned upon the express condition that the provisions of this Section 12 are exhaustive and shall exclude all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

SECTION 13. Until the definitive Bonds shall be prepared, the Railroad Company may sign and seal, and upon the request of the Railroad Company the Trustee shall authenticate and deliver, in lieu of such definitive Bonds and subject to the same provisions, limitations and conditions, temporary printed bonds with or without coupons of the denomination of \$1,000 or any multiple of \$1,000, substantially of the tenor of the definitive Bonds hereinabove recited with appropriate omissions, inser-

tions and variations as may be required. Upon surrender of any such temporary Bond for exchange, the Railroad Company, at its own expense and without making any charge therefor, will sign and seal, and upon cancellation of such surrendered Bond the Trustee shall authenticate, and shall deliver in exchange therefor, definitive coupon Bonds, or registered Bonds without coupons, for the same aggregate principal sum as the temporary Bonds surrendered, and otherwise in accordance with such temporary Bonds. Until so exchanged the temporary Bonds shall in all respects be entitled to the same lien and security of this indenture as the definitive Bonds; and interest when and as payable shall be paid and endorsed thereon, if such temporary Bonds shall have been delivered without coupons, or, if such temporary Bonds shall have been delivered with coupons, shall be paid on presentation and surrender of such coupons as they mature.

ARTICLE TWO.

The Thirty-five million dollars (\$35,000,000), principal amount, of Bonds shall forthwith at one time, or from time to time, and without any further action on the part of the Railroad Company, be authenticated by the Trustee and by it delivered on the written order of the Railroad Company, signed by its President or one of its Vice-Presidents, or its Treasurer or one of its Assistant Treasurers, upon the delivery to the Trustee by the Railroad Company of its Refunding and General Mortgage Bonds, Series B, the Reading Company First Preferred Shares, Reading Company Second Preferred Shares, and Reading Company Common Shares, described in the Pledging Clause of this Trust Indenture in amounts respectively which in every case shall bear like proportions to the total amounts thereof respectively described in said Pledging Clause and which shall bear the same proportions to the total amounts thereof respectively described in said Pledging Clause as the principal amount of Bonds so authenticated and delivered shall bear to \$35,000,000, or, at the option of the Railroad Company, and pending the delivery to the Trustee of such bonds and shares of stock, upon delivery to the Trustee of

a sum in cash which shall equal in the aggregate the principal amount of said Bonds so authenticated and delivered, or part bonds and shares of stock and part cash as aforesaid. If the Railroad Company, for the purpose of obtaining the authentication and delivery of Bonds, shall, as aforesaid, deliver to the Trustee part bonds and shares of stock and part cash, the amounts of bonds and shares of stock so delivered to the Trustee shall in every case bear like proportions to the total amounts thereof respectively described in the Pledging Clause of this Indenture and shall bear the same proportions to the total amounts thereof respectively described in said Pledging Clause as the difference between the principal amount of Bonds so authenticated and delivered by the Trustee and the amount of cash delivered to the Trustee shall bear to \$35,000,000. In the event that the Railroad Company shall for the purpose of obtaining authentication of any Bonds under the provisions of this Article deliver to the Trustee sums in cash in lieu of any of the Refunding and General Mortgage Bonds, Series B, of the Railroad Company, and the shares of Reading Company First Preferred Stock, Reading Company Second Preferred Stock and Reading Company Common Stock described in the Pledging Clause of this Indenture it thereafter shall be entitled at any time and from time to time to deliver to the Trustee any such Refunding and General Mortgage Bonds, Series B, of the Railroad Company, and shares of Reading Company First Preferred Stock, Reading Company Second Preferred Stock and Reading Company Common Stock, in amounts respectively which, in every case, shall bear like proportions to the total amounts thereof described in said Pledging Clause and thereupon shall be entitled to receive out of the moneys so deposited with the Trustee such proportion thereof as the bonds and shares of stock so delivered to the Trustee shall bear to the total amounts of such bonds and shares of stock in lieu of which cash was theretofore so delivered to the Trustee.

All such deposited moneys shall be deemed to be held subject to the lien of and as part of the security provided by this Indenture. Unless default shall be made in the payment of some instalment of interest on the Bonds or some of

them or some one or more of the events of default specified in subdivisions (b), (c), (d), (e), (f) and (g), of Section 2 of Article Seven shall happen, the Railroad Company shall be entitled to receive any interest accruing on such deposited moneys, and the Trustee shall, on demand, make payment thereof to it.

ARTICLE THREE.

SECTION 1. If the principal of, and the interest on, the Bonds shall be well and truly paid at the times and in the manner therein expressed, according to the tenor and effect thereof, and the Railroad Company shall faithfully observe and perform its covenants and agreements herein contained, then and in such case the estate, right, title and interest of the Trustee, its successors in the trust and its and their assigns, in the trust estate, shall cease, determine and become void, and upon proof being given to the reasonable satisfaction of the Trustee that all the Bonds at any time issued, together with interest thereon, have been paid off or satisfied, and upon payment of all costs, charges and expenses incurred by the Trustee and reasonable compensation to the Trustee, the Trustee shall, on the written demand of the Railroad Company and at the cost and expense of the Railroad Company, assign and deliver the trust estate to the Railroad Company or its assigns, and shall cancel and satisfy this Trust Indenture.

SECTION 2. The Railroad Company or its assigns shall have the right, upon or within six months before the maturity or redemption of the Bonds, to deposit with the Trustee, to the credit of the holder or holders of all the Bonds which shall at the time be outstanding and unpaid, the principal amount thereof with interest thereon to maturity or to the redemption date as the case may be, and thereupon, upon proof to the satisfaction of the Trustee that all other of the Bonds at any time issued, together with the interest thereon, have been paid or cancelled, and upon payment of all costs, charges and expenses incurred by the Trustee and of reasonable compensation to

the Trustee, and in case of redemption upon proof that due notice has been given in accordance with the requirements of Article Six hereof, the Trustee shall, on the written demand of the Railroad Company and at the cost and expense of the Railroad Company, assign and deliver the trust estate to the Railroad Company or its assigns, and shall cancel and satisfy this Trust Indenture, and the Trustee shall apply the moneys so deposited with it to the payment of such outstanding Bonds with interest to the date of maturity or to the redemption date as the case may be.

ARTICLE FOUR.

SECTION 1. The Trustee is authorized, in its discretion, to cause to be registered in its name, as Trustee, any and all coupon bonds which the Trustee shall at any time hold under any of the provisions of this Trust Indenture or to cause the same to be exchanged for registered bonds, without coupons, of any denomination, and to cause to be transferred into its name, as Trustee, all registered bonds, and into its name as Trustee or into the name or names of its nominee or nominees, but subject to Section 2 of this Article Four, all certificates for shares of stock which may be held by the Trustee on the trusts hereof. The Railroad Company will pay any taxes which may become payable on the deposit of any securities or their transfer hereunder.

SECTION 2. Unless and until (1) default shall be made in the payment of the interest on or of the principal of the Bonds or some one or more of them or in the payment of the taxes mentioned in Section 1 of this Article, or (2) one or more of the events of default specified in subdivisions (c), (d), (e), (f) and (g) of Section 2 of Article Seven shall have happened, the Railroad Company shall be entitled to receive the interest maturing and the dividends accruing on the securities from time to time constituting the trust estate and the Trustee

shall, as they mature, cut off the coupons on any bonds in coupon form and, on the written demand of the Railroad Company, deliver such coupons to the Railroad Company, and on like written demand of the Railroad Company shall deliver to the Railroad Company proper orders in favor of the Railroad Company for interest on registered bonds and dividends on stocks, in order that the Railroad Company may receive payment thereof for its own use, and the Trustee shall on demand pay to the Railroad Company any such interest and any such dividends which may be collected or received by the Trustee, and, until some such default shall occur or some such event of default happen, the Trustee shall not, except with the consent of the Railroad Company, cause the pledged stocks, or any part of them, to be transferred to itself or to any nominee of the Trustee.

Unless and until (1) default shall be made in the payment of the interest or of the principal of the Bonds or some one or more of them or in the payment of the taxes mentioned in Section 1 of this Article, or (2) one or more of the events of default specified in sub-divisions (c), (d), (e), (f) and (g), of Section 2 of Article Seven shall happen, the Railroad Company shall have the right to vote on all shares of stock subject to this Indenture and the Trustee shall, upon request of the Railroad Company, give to the Railroad Company or its nominee suitable proxies if desired or such other written authority as may be needful or appropriate for that purpose in respect of any and all shares of stock constituting part of the trust estate and standing in the name of the Trustee or of its nominee or nominees.

In the event of the dissolution of any corporation any shares of the capital stock of which are, at the time, pledged hereunder, or of the consolidation or merger of any such corporation with another corporation or corporations, or of the reorganization of any such corporation or of a distribution of the capital, or any part thereof, of any such corporation in any form, the Trustee, upon request of the Railroad Company, shall

take any and all action necessary to effect the receipt of such stocks, bonds or other securities, cash or other property as may be receivable, in respect of any and all shares of stock of such corporation pledged hereunder, in connection with such dissolution, consolidation, merger, reorganization or distribution including the surrender to such corporation of any of its shares of stocks pledged hereunder, if such surrender be necessary.

SECTION 3. Whenever the terms of this Trust Indenture require an order from the Railroad Company to be delivered to the Trustee for any purpose, and it is not specifically provided herein how such order shall be signed, such order shall be sufficient if signed on behalf of the Railroad Company under its corporate seal by its president or a vice-president, and also by its secretary or an assistant secretary or its treasurer or an assistant treasurer.

SECTION 4. Subject as aforesaid, the Trustee shall have and may exercise all the rights of owner in respect of the securities constituting the trust estate.

ARTICLE FIVE.

The Railroad Company covenants that the aggregate value of the securities constituting the trust estate, ascertained as hereinafter in this Article Five provided, shall at all times be equal to not less than one hundred and twenty-five per cent. (125%) of the aggregate principal amount of the Bonds outstanding, and the Railroad Company agrees to deposit with the Trustee, as security hereunder for the Bonds, any additional bonds, notes or obligations or stock of sufficient value, ascertained as hereinafter in this Article Five provided, or cash, that may be at any time required to maintain said aggregate value. Such additional bonds, notes, obligations, stocks and/or cash shall when deposited hereunder constitute part of the trust estate. Any of said additional securities or cash so deposited may be withdrawn when no longer required to maintain said aggregate value. The deposit of such addi-

tional securities shall be accompanied by the certificate of the General Counsel of the Railroad Company (which, as to the matters embraced therein, the Trustee may accept as conclusive), which shall state, if such additional securities are bonds, notes or obligations, that such securities have been issued under and are secured by an instrument or instruments specified in such certificate, a copy whereof shall accompany such certificate, and that such securities are valid and are entitled to the security purporting to be afforded by such specified instrument or instruments, or, if said additional securities are stock, that such stock has been validly issued and is fully paid and non-assessable, and that any action of any Commission or other Governmental agency necessary to the validity of such stock, bonds, notes or obligations and of the pledge thereof under this Trust Indenture has been taken.

For the purpose of this Article, the value of any securities constituting the trust estate, or part thereof, including securities deposited as additional security as provided in this Article, shall, if such securities be listed on the New York Stock Exchange, be the current quotation thereof on said Exchange at the time when the value thereof is to be determined for the purpose above stated. For the purpose of this Article, the value of any securities constituting the trust estate, or part thereof, including securities deposited as additional security as provided in this Article, if such securities be not listed on the New York Stock Exchange, shall be the value thereof as estimated by the Trustee, whose estimate communicated in writing to the Railroad Company shall be conclusive.

Any additional securities which may be deposited under the provisions of this Article shall be bonds, notes or obligations of railroad companies (including the Railroad Company), secured by mortgage or pledge, or shall be dividend paying stocks of railroad companies other than the Railroad Company. For the purpose of this Trust Indenture, the Reading Company shall be deemed a railroad company, and the term securities as used in this Trust Indenture shall (unless the context shall otherwise require) be deemed to include **stocks**.

The Trustee shall be entitled to act or to refrain from acting in respect of any matter in this Article Five upon the advice, opinion, report or appraisal of any bankers whom it may select or approve, and shall be fully protected and exonerated in respect of any such action or non-action which is taken or had in accordance with the advice, opinion, report or appraisal of such bankers, and shall not be liable to any one for, or because of, acting or refraining from action under this Article Five, except for its own wilful default.

ARTICLE SIX.

All the Bonds (but not part thereof) may be paid and redeemed, at the option of the Railroad Company, on any semi-annual interest date, upon payment of the principal amount of said Bonds and accrued interest, together with a premium equal to two and one-half per centum of such principal amount, provided notice of such election of the Railroad Company to pay and redeem said Bonds shall have been given in two daily newspapers of general circulation, published in the Borough of Manhattan, in the City and State of New York, at least once a week for a period of not less than sixty days next preceding the date of redemption, which notice shall state the time and place of payment and redemption, and that interest on the Bonds will cease upon the date of such payment and redemption. A similar notice shall be sent by the Railroad Company through the mail, postage prepaid, at least sixty days prior to such redemption date, to holders of registered Bonds without coupons and to registered holders of coupon bonds whose addresses shall then appear on the transfer register. Notice having been so given by publication, the principal amount of the Bonds, together with accrued interest thereon and a premium equal to two and one-half per centum of the principal amount of the Bonds shall, on the interest date designated in such notice, become due and payable at the office or agency of the Railroad Company in the Borough of Manhattan, in the City of New York. From and after the interest date designated in such notice (unless the Railroad Company shall make

default in the payment of said Bonds with said premium and accrued interest as aforesaid), interest on all said Bonds shall cease, and on presentation of said Bonds, in accordance with said notice, together with, in the case of coupon Bonds, the coupons maturing on said redemption date and all subsequent coupons, the principal of said Bonds and the coupons maturing on said date and said premium shall be paid by the Railroad Company. If not so paid on presentation thereof, said Bonds shall continue to bear interest at the rate expressed therein until payment.

ARTICLE SEVEN.

SECTION 1. No coupon belonging to any Bond which in any way, at or after maturity, shall have been transferred or pledged separate and apart from the Bond to which it relates shall, unless accompanied by such Bond, be entitled, in case of a default hereunder, to any benefit or security of or from this Trust Indenture, except subject to the prior payment in full of the principal of all the Bonds and of all coupons not so transferred or pledged, with interest. In case the time for payment of any coupon shall be directly or indirectly extended, whether or not such extension be by or with the consent of the Railroad Company, such coupon shall not be entitled in case of default hereunder to any benefit or security of or from this Trust Indenture, except subject to the prior payment in full of the principal of all the Bonds and of all coupons not so extended, with interest.

SECTION 2. If one or more of the following events, hereinafter called events of default, shall happen, that is to say:

(a) default shall be made in the payment of any instalment of interest on any of the Bonds, when and as the same shall become payable, as therein and herein expressed, and such default shall continue for the period of thirty days; or

(b) default shall be made in the payment of the principal of any of the Bonds when the same shall

become due and payable, whether at maturity or by declaration or otherwise; or

(c) default shall be made in the delivery to the Trustee of the annual certificate prescribed by Section 2 of Article Eight of this Trust Indenture and shall continue after demand therefor made by the Trustee; or

(d) the Railroad Company shall declare any dividend upon its capital stock contrary to the provisions of this Trust Indenture; or

(e) default shall be made in the observance or performance of any of the covenants, conditions or agreements on the part of the Railroad Company, its successors or assigns, in the Bonds or in Articles Five and Nine, of this Trust Indenture contained, and such default shall continue for a period of thirty days; or

(f) default shall be made in the payment of any instalment of interest when the same shall become payable on some one or more of the bonds now or hereafter secured or purporting to be secured on the railroads and properties, or any part thereof, now or hereafter embraced in the mortgage securing the Refunding and General Mortgage Bonds of the Railroad Company, whether such defaulted bonds be of the Railroad Company or of any predecessor or successor in title; or default shall be made in the payment of the principal of any such bonds when the same shall become payable, whether at maturity or by declaration or otherwise; or

(g) a receiver shall be appointed of the Railroad Company or its property;

then and in each and every such case during the continuance of such event of default, the Trustee may, and upon the written request of the holders of a majority in principal amount of the Bonds then outstanding shall, declare the principal of all the Bonds then outstanding (if not already due and payable) to be due and payable immediately and upon any such declaration the same shall become and be immediately due and payable.

This provision, however, is subject to the condition that if at any time after the principal of the Bonds shall have so been declared and become due and payable, all arrears of interest upon all the Bonds (with interest at the rate of six per cent. per annum on any overdue instalment of interest), and the expenses of the Trustee and all other sums which shall have become due and payable by the Railroad Company hereunder shall be paid by the Railroad Company before sale of any of the securities constituting the trust estate shall have been made, and every other default in the observance or performance of any covenant or condition of the Bonds or of this Trust Indenture shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the holders of three-fourths in principal amount of the Bonds then outstanding, by written notice to the Railroad Company and to the Trustee, may waive the default by reason of which the principal of the Bonds shall have so been declared and become due and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 3. If one or more of the events of default shall happen, then, and in each and every such case, the Trustee may, in its discretion, and at the written request of the holders of not less than fifteen per cent. in principal amount of the Bonds at the time outstanding shall,

(a) either personally, or by its agents or attorneys, sell and convert into money singly or collectively, the securities constituting the trust estate; such sale or sales to be at public auction at such place in the City of New York, N. Y., and at such time and upon such terms as the Trustee may fix; or

(b) proceed by suit or suits at law or in equity, as the Trustee may be advised by counsel, to enforce the payment of the Bonds and coupons and to enforce this

Trust Indenture and sell the securities constituting the trust estate under the judgment or decree of a court or courts of competent jurisdiction.

SECTION 4. Notice of any sale, whether under and by virtue of the power of sale herein contained, or under or by virtue of judicial proceedings, shall state the time when and the place where the same is to be made, and shall contain a brief general description of the property to be sold, and shall be sufficiently given if published once in each week for four successive weeks prior to such sale in two newspapers of general circulation in the Borough of Manhattan, in the City of New York; such notice shall also comply with any requirement of statute or rule or order of court. The Trustee may adjourn any such sale or cause the same to be adjourned from time to time by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and, without further notice or publication, such sale may be made at the time and place to which the same may be so adjourned.

SECTION 5. Upon the completion of any sale or sales, the Trustee shall deliver to the accepted purchaser or purchasers the securities sold, with good and sufficient transfers. The Trustee and its successor or successors are hereby appointed the true and lawful attorney and attorneys irrevocable of the Railroad Company, in its name and stead to make all necessary instruments of transfer, and for that purpose may execute all necessary acts of assignment and transfer, and may substitute one or more persons, firms or corporations, with like power, the Railroad Company hereby ratifying and confirming all that its said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Nevertheless, the Railroad Company shall, if so requested by the Trustee, ratify and confirm such sale by executing and delivering to the Trustee or to such purchaser or purchasers all proper transfers as may be designated in such request.

SECTION 6. Any sale or sales made under or by virtue of this Trust Indenture, whether under any power of sale hereby

granted and conferred, or under or by virtue of judicial proceedings, shall divest all right, title, interest, estate, claim and demand whatsoever, either at law or in equity, of the Railroad Company of, in and to the property sold, and shall be a perpetual bar both at law and in equity against the Railroad Company, its successors and assigns, and against any and all persons claiming or to claim the property sold or any part thereof, from, through or under the Railroad Company, its successors or assigns, and no purchaser at any such sale or sales, or his representatives or assigns, shall be bound to see to the application of the purchase money upon or for any trust or purpose of this Trust Indenture, or be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money paid by such purchaser or any part thereof.

SECTION 7. In the event of any sale under or by virtue of this Trust Indenture, whether under any power of sale hereby granted or conferred or under or by virtue of judicial proceedings, of any of the securities constituting the trust estate, the principal of the Bonds, if not already due and payable, forthwith shall become due and payable, anything in the Bonds or in this Trust Indenture to the contrary notwithstanding.

SECTION 8. In the event of any sale under or by virtue of this Trust Indenture, whether under any power of sale hereby granted or conferred or under or by virtue of judicial proceedings, the securities constituting the trust estate may, as the Trustee shall deem most advantageous for the Bondholders, be sold either in one parcel as an entirety, or in several parcels and, if in several parcels, in such parcels as the Trustee may determine. The Railroad Company, for itself and for all persons, firms or corporations hereafter claiming by, through or under it, hereby expressly waives and releases all right to have the securities constituting the trust estate marshalled upon any foreclosure or other enforcement of this Trust Indenture.

SECTION 9. The Trustee, in respect of the securities constituting the trust estate, shall, for the purposes of this Article Seven and for all other purposes, have and may exercise all

the rights of holder and owner thereof and may take any action or proceedings which the holder or owner thereof for value could take as such owner or holder. All remedies conferred by this Trust Indenture shall be deemed cumulative and not exclusive, and shall not be deemed to deprive the Trustee of any legal or equitable remedy by appropriate judicial proceedings or otherwise to enforce the conditions, covenants and agreements of this Trust Indenture.

SECTION 10. In case of any sale of the trust estate, whether under the power of sale hereby granted and conferred or under or by virtue of judicial proceedings, the purchase money, proceeds or avails, together with any other sums which may then be held by the Trustee or be payable to it under any of the provisions of this Trust Indenture, shall be applied as follows:

(a) to the payment of the costs, expenses, fees, and other charges of such sale or sales, and a reasonable compensation to the Trustee, its agents and attorneys, and to the payment of all expenses and liabilities incurred and advances or disbursements made by the Trustee;

(b) any surplus then remaining, to the payment of the whole amount owing or unpaid upon the Bonds, for both principal and interest, with interest on the overdue instalments of interest at the rate of six per cent. per annum, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the Bonds, then to the payment of such principal and interest ratably, according to the aggregate of such principal and the accrued and unpaid interest, without preference or priority of principal over interest or of interest over principal, or of any instalment of interest over any other instalment of interest;

(c) any surplus then remaining, to the Railroad Company, its successors or assigns, or to whosoever may be lawfully entitled to receive the same.

These provisions, however, are not intended in anywise to modify the provisions of Section 1 of this Article Seven, but are subject thereto.

SECTION 11. In case of any sale of the trust estate or any part thereof in pursuance of the powers granted and conferred by this Trust Indenture or upon any sale under or by virtue of judicial proceedings, the purchaser, for the purpose of making settlement or payment for the property purchased, shall be entitled to turn in or apply towards the payment of the purchase price, and to be credited with, any Bonds and any matured and unpaid coupons to the extent of the value of such Bonds and coupons upon a distribution among the Bondholders of the net proceeds of such sale after making the deductions allowable under the terms hereof for the costs and expenses of sale and otherwise. But such Bonds and coupons so applied in payment by the purchaser shall be deemed to be paid only to the extent so applied. At any such sale, the Trustee, or any Bondholders or their agents, may bid for and purchase the property so sold and may make payment therefor as aforesaid, and, upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability, and the receipt of the Trustee shall be a sufficient discharge for the purchase money to any purchaser of the property, or any part thereof, sold under any of the provisions of this Trust Indenture.

SECTION 12. Anything in this Trust Indenture contained to the contrary notwithstanding, the holders of two-thirds in principal amount of the Bonds then outstanding shall have the right, from time to time, if they so elect and manifest such election by an instrument in writing executed and delivered to the Trustee, to direct, not otherwise however than as herein provided, the method, manner and place of conducting any and all proceedings for any sale of the trust estate or for the foreclosure of this Trust Indenture, or any other action or proceeding hereunder.

SECTION 13. In case

(a) default shall be made in the payment of any instalment of interest on any of the Bonds when and as the same shall become payable as therein and herein expressed and such default shall continue for the period of thirty days, or

(b) default shall be made in the payment of the principal of any of the Bonds when and as the same shall become payable whether upon the maturity of the Bonds or by declaration or otherwise;

then and in every such case the Railroad Company, upon demand of the Trustee, will pay to the Trustee for the benefit of the holders of the Bonds and coupons then outstanding the whole amount which shall then have become due and payable on all the Bonds and coupons then outstanding for interest or principal, or both, as the case may be, with interest upon the overdue principal and instalments of interest at the rate of six per centum per annum; and in case the Railroad Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid. The Trustee shall be entitled to recover judgment as aforesaid, either before or after or during the pendency of any proceedings for the enforcement of the lien of this Trust Indenture upon the trust estate, and its right to recover such judgment shall not be affected by any sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Trust Indenture, or by the foreclosure of the lien hereof; and, in case of a sale of the trust estate and of the application of the proceeds of sale to the payment of the indebtedness represented by the Bonds and coupons, the Trustee, in its own name, and as trustee of an express trust, shall be entitled to receive, and to enforce payment of, any and all deficiency or amounts then remaining due and unpaid upon any or all of the Bonds then outstanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of such indebtedness remaining unpaid, with interest. No recovery of any judgment by the Trustee and no levy of any execution upon any such judgment upon property subject to the lien of this Trust Indenture or upon any other property, shall in any manner or to any extent affect or impair the lien of the Trustee upon the trust estate, or any part thereof, or any rights, powers or remedies of the Trustee hereunder, or

any rights, powers or remedies of the holders of the Bonds; but such lien, rights, powers and remedies shall continue unaffected and unimpaired as before. Any moneys thus collected by the Trustee under this Section 13 shall be applied by the Trustee: first, to the payment, at the option of the Trustee, of the costs and expenses of the proceedings resulting in the collection of such moneys; and, secondly, toward payment of the amounts then due and unpaid upon the Bonds and coupons in respect of which such moneys shall have been collected, ratably and without any preference or priority of any kind (except as provided in Section 1 of this Article Seven), according to the amounts due and payable upon such Bonds and coupons respectively at the date fixed by the Trustee for the distribution of such moneys.

ARTICLE EIGHT.

The President and Directors of the Railroad Company having by resolution determined to set aside in each year part of its net income to be devoted to capital expenditures, the Railroad Company covenants to and with the Trustee as hereinafter in this Article Eight set forth:

SECTION 1. Out of its net income, as hereinafter defined, arising from and after June 30, 1919, the Railroad Company shall set aside, in a special fund, not less than the several amounts at the several times hereinafter specified:

On or before December 31, 1919..	\$1,750,000	
On or before June 30, 1920.....	1,750,000	
Total during the year ending June 30, 1920....		\$3,500,000
On or before December 31, 1920..	\$1,750,000	
On or before June 30, 1921.....	1,750,000	
Total during the year ending June 30, 1921....		\$3,500,000
On or before December 31, 1921..	\$1,750,000	
On or before June 30, 1922.....	1,750,000	
Total during the year ending June 30, 1922....		\$3,500,000
On or before December 31, 1922..	\$1,750,000	
On or before June 30, 1923.....	1,750,000	
Total during the year ending June 30, 1923....		\$3,500,000

On or before December 31, 1923..	\$1,750,000
On or before June 30, 1924.....	1,750,000
Total during the year ending June 30, 1924....	<u>\$3,500,000</u>
GRAND TOTAL	\$17,500,000

The money so set aside shall constitute a fund to be applied by the Railroad Company, as hereinafter provided, solely for capital expenditures made from and after June 30, 1919, to repay loans obtained for capital expenditures made prior to July 1, 1919, or to pay maturing funded obligations, and on or before the 20th day of the second month succeeding the several dates respectively hereinabove specified, the Railroad Company shall certify to the Trustee that it has applied the moneys so set aside to such purposes or shall pay to the Trustee the moneys, if any, so set aside and not so applied; the moneys so paid to the Trustee to be subject to withdrawal by the Railroad Company as hereinafter provided.

Said moneys shall be required so to be set aside by the Railroad Company only if and to the extent that its net income, as hereinafter defined, from and after June 30, 1919, shall be sufficient to provide the funds necessary therefor; but such requirement to set aside such moneys shall be cumulative, without interest; and before any dividends upon the capital stock of the Railroad Company shall be declared, all moneys required to be set aside theretofore under this Section 1 shall first be so set aside and paid to the Trustee, or certificates of their application to the purposes above mentioned delivered to the Trustee as aforesaid.

While any of the Bonds are outstanding no dividends shall be declared or paid on the capital stock of the Railroad Company of any class (except the dividend on the preferred stock declared June 25, 1919), unless its net income, as hereinafter defined, from and after June 30, 1919, shall be in excess of all matured instalments of said fund and of the dividends paid for the year or years ending June 30 subsequent to said date.

Moneys, in excess of the amount then required, set aside in any semi-annual period and paid to the Trustee or in respect of the application of which to the pur

poses above mentioned certificates shall have been delivered to the Trustee as aforesaid, shall, for all the purposes hereof, be credited against the moneys required to be set aside in subsequent periods. Whenever the moneys so set aside under this Section 1 and applied to the above mentioned purposes or paid to the Trustee as aforesaid shall aggregate \$17,500,000, the obligation of the Railroad Company to set aside moneys under this Section 1 shall cease.

The certificates delivered to the Trustee pursuant to the provisions of this Section 1 shall be signed by the President or Vice-President and by the Comptroller or an Assistant Comptroller or the Treasurer or an Assistant Treasurer of the Railroad Company and shall set forth the purposes to which the Railroad Company has applied the moneys set aside, giving the amount and character of each class of expenditures and specifying the capital expenditures to the property of the Railroad Company under the heading provided in the classification of expenditures prescribed by the Interstate Commerce Commission for Steam Roads in force at the time the expenditures are made, and (except in cases in which the moneys so applied were applied to the payment of loans obtained prior to June 30, 1919, for capital expenditures made prior to that date) shall state that such expenditures were made subsequent to June 30, 1919. Said certificates shall also state that no part of the expenditures so certified have been incorporated in any prior certificate delivered to the Trustee pursuant to the provisions of this Section 1, or have been or will be made the basis of the issue of any bonds or other obligations by the Railroad Company or by any other company except to the Railroad Company, or have been, or will be, made the basis of the payment by the Trustee to the Railroad Company under the provisions of Section 3 of this Article of moneys paid to the Trustee pursuant thereto.

SECTION 2. On or before the first day of September, 1920, and on or before the first day of September in each year thereafter, until the payment or redemption of all the Bonds, or until \$17,500,000 shall have been set aside and applied or paid to the Trustee, as herein provided, the Railroad Com-

pany shall deliver to the Trustee a certificate signed by the President or a Vice-President of the Railroad Company and by its Comptroller or its Assistant Comptroller or by its Treasurer or an Assistant Treasurer, stating:

1. The aggregate net income, as hereinafter defined, of the Railroad Company from and after June 30, 1919, to and including the 30th day of June next preceding the date of delivery of said certificate.

2. The aggregate amount of all moneys set aside and applied or paid to the Trustee by the Railroad Company to and including such 30th day of June, pursuant to Section 1 of this Article Eight.

3. The aggregate amount of all such moneys required under Section 1 of this Article Eight to be set aside and applied or paid to the Trustee by the Railroad Company to and including such 30th day of June and not theretofore set aside and applied or paid to the Trustee by the Railroad Company, if any.

4. The aggregate amount of all dividends declared by the Railroad Company subsequent to June 30, 1919.

No dividend shall be declared upon the capital stock of the Railroad Company after June 30, in any such year until the aforesaid certificate shall have been so delivered.

In the event that, during the period covered by any such certificate, the aggregate net income, as hereinafter defined, of the Railroad Company (Item 1) has been less than the sum of (a) the aggregate amount of all moneys so required to be set aside and applied or paid to the Trustee under Section 1 of this Article (Item 2 plus Item 3) and (b) the aggregate amount of all dividends declared by the Railroad Company subsequent to June 30, 1919 (Item 4), the Railroad Company shall declare no further dividends upon its capital stock until the aggregate net income, as hereinafter defined, of the Railroad Company from and after June 30, 1919, shall have exceeded the sum of (1) the aggregate amount of all moneys which theretofore should have been set aside and applied or

paid to the Trustee by the Railroad Company under Section 1 of this Article, and (2) the aggregate amount of all dividends declared by the Railroad Company subsequent to June 30, 1919, and a certificate to that effect similarly signed shall have been filed with the Trustee; nor until the Railroad Company shall have set aside and applied or paid to the Trustee as aforesaid the amount of all such moneys, without interest.

SECTION 3. At any time, or from time to time, the Railroad Company may present to the Trustee an order or orders, signed by its Treasurer or an Assistant Treasurer, or by its Secretary or an Assistant Secretary, and bearing its corporate seal, and accompanied by a certificate signed by the President or by a Vice-President and by the Comptroller or an Assistant Comptroller, or Treasurer or an Assistant Treasurer of the Railroad Company, stating that the Railroad Company, subsequent to June 30, 1919, has made capital expenditures, as defined in this Section 3, or has repaid loans, obtained prior to July 1, 1919, for capital expenditures made prior to that date or has paid maturing funded obligations and requesting the Trustee to pay to a specified officer of the Railroad Company out of the moneys, if any, theretofore paid by the Railroad Company to the Trustee under Section 1 of this Article, the sum or sums specified in such orders, and the Trustee, unless an event of default, as defined in Section 2 of Article Seven hereof, has to its knowledge happened, shall pay to the officer of the Railroad Company specified in such order the sum or sums so requested. The certificates so delivered to the Trustee shall set forth the purposes for which the Railroad Company has made capital expenditures, giving the amount and character of each class of expenditures and specifying the expenditures under the headings provided in the classification of expenditures as prescribed by the Interstate Commerce Commission for Steam Roads in force at the time the expenditures are made, and (except in cases in which the moneys so applied were applied to the payment of loans obtained prior to June 30, 1919, for capital expenditures made prior to that date) shall state that such expenditures were made subsequent to June 30,

1919. Said certificates shall also state that no part of the expenditures so certified were made out of moneys set aside as provided in Section 1 of this Article, or were or will be made the basis of the issue of any bonds or other obligations by the Railroad Company, or by any other Company except to the Railroad Company, or have previously been made the basis of the payment by the Trustee to the Railroad Company, under the provisions of this Section of this Article of moneys paid to the Trustee pursuant thereto.

The term "net income" as used in this Article Eight shall mean the net income of the Railroad Company, as defined by and ascertained in accordance with the Interstate Commerce Commission's accounting regulations for Steam Roads in force from time to time, accruing from and after June 30, 1919, from the railroads and properties included in the Railroad Company's reports to the Interstate Commerce Commission for the periods covered thereby. The term "capital expenditures" as used in this Article Eight shall be deemed to include capital expenditures made upon the railroads and properties whose operating income is included in such report, and to include, among other things, the following: Expenditures upon the railroads and properties above specified for all purposes for which the authentication and delivery of Refunding and General Mortgage Bonds of the Railroad Company are authorized by any provision of Section 5 of Article Four of the mortgage and deed of trust securing said bonds; initial payments made under the terms of any equipment trusts hereafter created; payments on account of principal, whether by sinking fund or otherwise, of any capital obligation or obligations, including principal of equipment trust obligations, issued or assumed by the Railroad Company or by any company now or formerly owning any of the railroads and properties above specified, and for all purposes comprised within the Interstate Commerce Commission's classification of expenditures for road and equipment.

The railroads of the Railroad Company are now under Federal control and an agreement has been made between the Director-General of Railroads and the Railroad Company covering the Railroad Company's compensation.

During the period of Federal control, anything herein contained to the contrary notwithstanding, the term "net income" shall mean the aggregate accruing from and after June 30, 1919, of (a) the compensation accruing to the Railroad Company from the Director-General of Railroads and (b) of the other income of the Railroad Company; and the term "capital expenditures" shall be deemed to include capital expenditures, charged to the Railroad Company, made upon the railroads and properties in respect of which such compensation is paid by the Director-General of Railroads to the Railroad Company.

The Trustee may accept any certificates delivered to it under any of the provisions of this Article Eight as conclusive evidence of the facts and statements therein contained and as full warrant and authority for any payments made by it based thereon.

ARTICLE NINE.

The Railroad Company covenants to and with the Trustee as hereinafter in this Article Nine set forth:

(a) Duly and punctually the Railroad Company will pay or cause to be paid to the holders of every of the Bonds, the principal thereof and the interest accruing thereon, all in gold coin of the United States of America of or equal to the standard of weight and fineness, as it existed on July 1, 1919, at the dates and place and in the manner mentioned in the Bonds or in the coupons thereto appertaining, according to the true intent and meaning thereof, and said principal and interest shall be paid without deduction for any tax, assessment or governmental charge (other than income taxes exceeding in the aggregate two per centum per annum) which the Railroad Company or the Trustee may be required to pay, or to retain therefrom, under any present or future law of the United States of America, or of any state, county, municipality or other tax-

ing authority therein. In the event that the Railroad Company, or the Trustee, shall be required so to pay or to retain for income taxes a sum or sums in excess in the aggregate of two per centum of the amount of interest payable in any year in respect of any Bond or Bonds, the Railroad Company, under the foregoing covenant, shall make payment of such interest as aforesaid without deduction *first* for any such income tax or taxes imposed by any present or future law or laws of the United States up to but not exceeding, in the aggregate, two per centum of such interest payment, and *second* for any such other income tax or taxes up to but not exceeding the amount, if any, by which two per centum of such interest payment exceeds the aggregate amount of such United States income tax or taxes. So long as the Railroad Company or the Trustee shall be required under any present or future law of the United States to pay or to retain for income taxes a sum or sums not less than two per centum of the amount of interest payable in any year in respect of any Bond or Bonds, the foregoing covenant, so far as it relates to income tax or taxes, shall apply to, and shall be deemed to apply to, only such law of the United States.

The interest on coupon Bonds shall be payable only upon presentation and surrender of the several coupons annexed thereto as such coupons respectively mature; and when and as paid all coupons shall forthwith be cancelled by the Railroad Company. The interest on registered Bonds without coupons shall be payable only to the registered owners thereof.

(b) In order to prevent any accumulation of coupons or claims for interest after maturity, the Railroad Company will not, directly or indirectly, extend or assent to the extension of the time for payment of any interest upon any Bond; and the Railroad Company will not, directly or indirectly, be a party to or approve any such arrangement by purchasing or funding said coupons or claims for interest or in any other manner.

(c) The Railroad Company will, from time to time, duly pay and discharge all taxes, assessments and governmental charges lawfully imposed upon the trust estate or upon any part thereof, or upon the income and profits thereof, and also all taxes, assessments and governmental charges lawfully imposed upon the lien or interest of the Trustee or of the holders of the Bonds in respect of the trust estate; provided, however, that unless such payments shall be necessary in the opinion of the Trustee, in order to prevent prejudice or loss to the trust estate, the Railroad Company shall not be required to pay any such taxes, assessments or governmental charges so long as in good faith it shall contest the validity thereof by appropriate legal proceedings.

(d) The Railroad Company, at all times until the payment of the principal of the Bonds, either will keep an office or an agency in the Borough of Manhattan, in the City of New York, where the Bonds and coupons may be presented for payment and notices and demands in respect to the Bonds and coupons may be served and by written notice designate such office or agency to the Trustee, or will designate, by written notice to the Trustee, a bank or trust company in said Borough for such purposes. In default of any such office or agency, or of such designation, presentation and demand may be made and notices may be served at the principal office in the City of New York of the Trustee or any successor to it in the trust.

(e) The Railroad Company, at all times until the payment of the principal of every of the Bonds, will continue to maintain, extend and renew its corporate existence.

(f) The Refunding and General Mortgage Bonds, Series B, of the Railroad Company specified in the Pledging Clause and pledged, or to be pledged, under this Trust Indenture, have been, or will be, duly and validly issued under and in accordance

with law, and have not been paid, satisfied or discharged, and the mortgage securing said Bonds has been duly authorized in accordance with law and is a valid security for said Bonds equally and ratably with all other of said Refunding and General Mortgage Bonds issued thereunder. The Railroad Company has duly complied with all the requirements of law in that behalf in order to authorize the Railroad Company, and the Railroad Company is duly authorized, to execute and deliver this Trust Indenture, to pledge under this Trust Indenture the securities specified in the Pledging Clause, and to issue and sell the Bonds, and warrants and will defend the title to the securities pledged hereunder. The Railroad Company covenants and agrees that all the Refunding and General Mortgage Bonds, Series B, of the Railroad Company, and also all the Reading Company First Preferred Shares, Reading Company Second Preferred Shares, and Reading Company Common Shares, described in the Pledging Clause of this Indenture, shall be pledged and delivered to the Trustee prior to August 15, 1919.

(g) The Railroad Company will not issue any Refunding and General Mortgage Bonds in any manner other than in accordance with the provisions of the mortgage securing them and in accordance with the requirements of law and as it may, in pursuance of such legal requirements, be duly authorized to do, and the Railroad Company will not pledge under this Trust Indenture any such Bonds save such as shall have been so issued and as to which it shall have complied with all requirements of law to authorize it so to pledge the same, and shall be authorized by law so to pledge the same.

(h) The Railroad Company covenants and agrees that this Indenture is, and always shall be kept, a first and prior lien upon the securities described in the Pledging Clause hereof, and from time to time delivered

hereunder, and that it will not create, or suffer to be created, or to accrue or exist, any lien or charge having priority to or preference over the lien of this Indenture upon any securities at any time held by the Trustee, or any part thereof, or upon the income thereof.

(i) The Railroad Company will not obtain the authentication and delivery of any of the Bonds in any manner other than in accordance with the provisions of this Trust Indenture, and the agreements in that behalf herein contained and with the requirements of law and after due authorization by law, nor will it negotiate, sell or dispose of any of the Bonds save in accordance with the requirements of law and after due authorization by law, and in issuing, selling and otherwise disposing of the Bonds from time to time will well and truly apply, or cause to be applied, the same or the proceeds thereof to and for the purposes for which it shall have been authorized in accordance with law to apply the same, and to or for no other or different purpose.

(j) The Railroad Company will also do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, transfers and assurances for the better assuring, conveying and confirming unto the Trustee all and singular the trust estate as the Trustee shall reasonably require for better accomplishing the provisions and purposes of this Trust Indenture and for better securing the payment of the principal and interest of the Bonds.

(k) The Railroad Company will not at any time insist upon, or plead, or in any manner whatever claim or take the benefit or advantage of any stay or extension law wherever enacted, nor or at any time hereafter in force, which may affect the covenants and terms of performance of, or lien of, this Trust Indenture, nor will it claim, take, or insist upon any benefit or advantage from any law now or hereafter in force providing for

the valuation or appraisement of the trust estate or of any of the securities constituting the trust estate, prior to any sale or sales thereof to be made pursuant to any provision herein contained or to the decree of any court of competent jurisdiction; nor will it, after any such sale or sales, claim or exercise any right under any law or statute wherever enacted, and now or at any time hereafter in force, to redeem the trust estate or any part thereof or any of the securities so sold; and the Railroad Company hereby expressly waives all benefit or advantage of any such law or laws, and covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

(l) The Railroad Company, in the event of the dissolution of any corporation any of the shares of the capital stock of which are, at the time, pledged hereunder, or of the consolidation or merger of any such corporation with another corporation or corporations, or of the reorganization of any such corporation, or of a distribution of the capital, or any part thereof, of any such corporation in any form, or, of the payment in stock, bonds or other securities of an extraordinary dividend by any such corporation, will receive any stock, bonds or other securities, cash or other property receivable by it in respect of any and all shares of stock of such corporation pledged hereunder, as the agent of the Trustee and in trust for the holders of the Bonds issued hereunder, and shall deliver forthwith to the Trustee, to be held by it, as security for the Bonds issued hereunder and as part of the trust estate, any such stocks, bonds or other securities, cash or other property. Any certificates for shares of stock and any bonds, notes or other evidences of indebtedness delivered by the Railroad Company to the Trustee pursuant to this subdivision (l) of this Article shall be delivered duly endorsed in blank for transfer or accompanied by transfers duly

executed in blank by the persons or parties in whose names they stand and in negotiable form.

ARTICLE TEN.

SECTION 1. The Trustee accepts the trusts of this Trust Indenture and agrees to execute them upon the terms and conditions hereof, including the following, to which the parties and the holders of the Bonds agree:

The Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution of the trusts hereby created, and such compensation, as well as the reasonable compensation of its counsel and of such persons as it may employ in the administration or management of the trust, and all other reasonable expenses necessarily incurred and actually disbursed hereunder, the Railroad Company agrees to pay, and for such payment the Trustee shall have a lien on the trust estate under this Trust Indenture in priority to the rights and claims of the holders of the Bonds.

The Trustee shall not be responsible in any manner whatsoever for the recitals herein contained, all of which are made by the Railroad Company solely.

The Trustee shall not be responsible for or in respect of the validity or sufficiency of this Trust Indenture or of the Bonds, or the execution hereof or thereof by the Railroad Company, nor for or in respect of the title of the Railroad Company to, or the value or validity of, the securities constituting the trust estate.

Unless and until the Trustee shall have received written notice to the contrary from the holders of not less than five per cent. in principal amount of the Bonds at the time outstanding, the Trustee may, for all the purposes of this Trust Indenture, assume that the Railroad Company is not in default under this Trust Indenture and that none of the events hereinbefore designated events of default has happened.

The Trustee shall not be under any obligation to take any action toward the execution or enforcement of the trusts hereby created which, in its opinion, will be likely to involve it in expense or liability, unless one or more of the holders of the Bonds shall, as often as required by the Trustee, furnish it reasonable security and indemnity against such expenses or liability; nor shall the Trustee be required to take notice of any default hereunder unless notified in writing of such default by the holders of at least five per cent. in amount of the Bonds at the time outstanding, or to take any action in respect of any such default involving expense or liability unless requested by an instrument in writing signed by the holders of not less than fifteen per cent. in principal amount of the Bonds at the time outstanding and unless tendered reasonable security and indemnity as aforesaid, anything herein contained to the contrary notwithstanding; but the foregoing provisions are intended only for the protection of the Trustee and shall not be construed to limit or affect any discretion or power by any provision of this Trust Indenture given to the Trustee to determine whether or not the Trustee shall take action in respect of any default or any discretion or power of the Trustee to take action in respect of any default or otherwise without notice or request from Bondholders.

The Trustee shall be fully protected in acting upon, or in accordance with, any notice, request, consent, certificate, bond, coupon or other instrument or paper believed by it to be genuine and to have been signed or presented by the proper person or duly authorized or properly made.

The Trustee may employ agents or attorneys-in-fact, and shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof, if such agent or attorney shall have been selected with reasonable care.

The Trustee shall be reimbursed and indemnified by the Railroad Company against any liability or damage it may sustain or incur in the performance of its duties hereunder and shall have a lien upon the trust estate under this Trust Indenture in priority to the rights and claims of the holders of the Bonds for any such liability or damage.

The Trustee may hold and own Bonds with the same rights which it would have if it were not Trustee hereunder.

The Trustee may advise with legal counsel and shall be protected in respect of any action under this Trust Indenture taken in good faith by the Trustee in accordance with the opinion of counsel.

The Trustee shall not be liable for any error of judgment, nor for any act done or steps taken or omitted by it, nor for any mistake of fact or law, nor for anything which it may do or refrain from doing in connection herewith, except only for its wilful default or gross negligence.

SECTION 2. The Trustee may resign, and be discharged from, the trusts created by this Trust Indenture by giving to the Railroad Company notice in writing, and to the Bondholders notice by publication, of such resignation, specifying a date when such resignation shall take effect, which notice shall be published at least once on a day not less than thirty days nor more than sixty days prior to the date so specified, in a daily newspaper of general circulation in the Borough of Manhattan, in the City of New York, N. Y. Such resignation shall take effect on the day specified in such notice, unless previously a successor trustee shall be appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor trustee.

Any trustee hereunder may be removed at any time by an instrument in writing filed with the Trustee and executed by the holders of three-fourths in principal amount of the Bonds at the time outstanding.

SECTION 3. In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, a successor may be appointed by the holders of a majority in principal amount of the Bonds at the time outstanding, by an instrument or concurrent instruments signed by such Bondholders or their attorneys-in-fact duly authorized; but until a new trustee shall be appointed by the Bondholders as herein authorized, the Railroad Company, by an instrument executed under its corporate seal by order of its board of directors, may appoint a trustee to fill such vacancy. Every such successor trustee, whether appointed by the Bondholders or by the Railroad Company, shall always be a trust company having an office in the Borough of Manhattan, in the City of New York, and having a capital and surplus aggregating at least five million dollars. After any such appointment by the Railroad Company, it shall cause notice of such appointment to be published once a week in each of four successive weeks in two daily newspapers of general circulation in the Borough of Manhattan, in the City of New York; but any new trustee so appointed by the Railroad Company shall immediately, and without further act, be superseded by a trustee appointed, in the manner above provided, by the holders of a majority in principal amount of the Bonds at the time outstanding.

SECTION 4. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the Railroad Company an instrument accepting such appointment hereunder, and thereupon such successor trustee, without further act, deed or conveyance, shall become vested with the title to the trust estate, and with all the rights, powers, trusts, duties, and obligations of its predecessor in the trust hereunder, with like effect as if originally named as trustee herein, and the trustee ceasing to act shall, on the written request of such successor trustee, assign and transfer the trust estate or cause the trust estate to be assigned and transferred to the successor trustee, and shall be entitled to the payment of its charges and expenses theretofore incurred. Upon request of such successor trustee, the Railroad Company shall execute and deliver such instruments of

assignment and further assurance as may reasonably be required for more fully and certainly vesting in and confirming to such successor trustee all the right, title and interest of the predecessor trustee in and to the trust estate and such rights, powers, trusts, duties and obligations. All conveyances and instruments herein provided for shall be at the cost of the Railroad Company.

SECTION 5. For the purpose of this Article Ten, the fact of the holding of Bonds by any holder and the amounts and issue numbers of such Bonds and the date of the holding of the same may be proved either in the manner specified in Article Twelve, or, in the discretion of the Trustee, by affidavits of the Bondholders.

SECTION 6. Any corporation into which the Trustee, or any successor to it in the trusts created by this indenture, may be merged or with which it, or any such successor to it, may be consolidated, or any corporation resulting from any merger or consolidation to which the Trustee, or any such successor to it, shall be a party, provided such corporation shall be a corporation organized under the laws of the State of New York and shall do business in the Borough of Manhattan, in the City of New York, shall be the successor trustee under this indenture, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding. In case any of the Bonds shall have been authenticated, but not delivered, any such successor trustee may adopt the certificate of authentication of United States Mortgage and Trust Company or of any successor to it as trustee hereunder, and deliver the same so authenticated; and, in case any of the Bonds shall not have been authenticated, any such successor trustee may authenticate such Bonds either in the name of any predecessor trustee or in the name of such successor trustee, and in all such cases such certificates shall have the full force which it is anywhere in the Bonds or this Trust Indenture provided that the certificate of the Trustee shall have.

SECTION 7. The term, the Trustee, wherever used in this Trust Indenture, means (unless the context shall otherwise require) the trustee for the time being under this Trust Indenture whether original or successor.

ARTICLE ELEVEN.

SECTION 1. No holder of any Bond or coupon shall have the right to institute any suit, action or proceeding at law or in equity upon or in respect of this Trust Indenture, or for the execution of any trust or power hereof, or for any other remedy under or upon this Trust Indenture, unless such holder shall previously have given to the Trustee written notice of an existing default and of the continuance thereof as hereinbefore provided; nor unless also the holders of fifteen per cent. in principal amount of the Bonds at the time outstanding shall have made written request upon the Trustee after the happening of an event of default, and shall have afforded to it reasonable opportunity, either to proceed itself to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; nor unless also such holder or holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred in or by reason of such action, suit or proceeding; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Indenture, and to any action or course of action for foreclosure or for any other remedy hereunder, it being intended that no one or more holders of the Bonds or coupons shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Trust Indenture by his or their action, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings hereunder shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of the outstanding Bonds and coupons.

But the foregoing provisions of this Section 1 are intended only for the protection of the Trustee, and shall not be construed to affect any discretion or power by any provisions of this Trust Indenture given to the Trustee to determine whether or not it shall take action in respect of any default without such notice or request from Bondholders, or to affect any other discretion or power given to the Trustee.

SECTION 2. No delay or omission of the Trustee, or of any holder of Bonds, to exercise any right or power accruing upon any default, shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein; and every power and remedy given by this Trust Indenture to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

ARTICLE TWELVE.

Any request or other instrument required by this Trust Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of similar tenor, and may be executed by such Bondholders in person, or by an agent or attorney appointed by an instrument in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such agent or attorney, or of the holding by any person of Bonds, shall be sufficient for any purpose of this Trust Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by the Trustee under such request or other instrument, if made in the following manner, viz.:

(a) the fact and date of the execution by any person of any such request or of any other instrument in writing may be proved by the certificate of any notary public or other officer authorized to take, either within or without of the State of New York, acknowledgments of deeds to be recorded in said State, certifying that the persons signing such request or other instrument acknowledged

to him the execution thereof; or by the affidavit of a witness to such execution;

(b) the amount of Bonds held by any person executing any such request or other instrument as a Bondholder, and the issue number of the Bonds held by such person and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, bankers or other depositary wheresoever situated whose certificate shall be deemed by the Trustee to be satisfactory, showing that, at the date therein mentioned, such person had on deposit with such depositary, or exhibited to such depositary, the Bonds numbered and described in such certificate. The Trustee may presume the continuance of any such deposit unless and until it receives proof satisfactory to it to the contrary.

ARTICLE THIRTEEN.

Nothing in this Trust Indenture, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person, firm or corporation other than the parties hereto and the holders of the Bonds and the appurtenant coupons, any right, remedy or claim, under or by reason of this Trust Indenture, or any covenant, condition or stipulation hereof, and all the covenants, stipulations, promises and agreements in this Trust Indenture contained shall be for the sole and exclusive benefit of the parties hereto and their successors and of the holders of the Bonds and coupons.

ARTICLE FOURTEEN.

No recourse under or upon any obligation, covenant or agreement of this Trust Indenture or of any Bond or coupon or because of the creation of any indebtedness represented by the Bonds or secured by this Trust Indenture shall be had against any past, present or future stockholder, officer or director of the Railroad Company, either directly or through the

Railroad Company, by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any statute or constitutional provision or otherwise. This Trust Indenture and the Bonds are solely corporate obligations, and no personal liability whatever shall attach to, or be incurred by, the past, present or future stockholders, officers or directors of the Railroad Company as such, or any of them, because of the incurring of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in this Trust Indenture or in any of the Bonds or coupons or implied therefrom, and any and all personal liability of every such stockholder, officer or director, whether arising at common law or in equity, or created by statute or constitution is waived.

IN WITNESS WHEREOF, The Baltimore and Ohio Railroad Company has caused its corporate seal to be hereunto affixed and this Trust Indenture to be signed by its president or one of its vice-presidents and by its secretary or an assistant secretary, and United States Mortgage and Trust Company, in token of its acceptance of this trust, has caused its corporate seal to be hereunto affixed and this Trust Indenture to be signed by its president or one of its vice-presidents and by its secretary or an assistant secretary, as of the first day of July, 1919.

THE BALTIMORE AND OHIO RAILROAD COMPANY,

by

(Corporate Seal)

DANIEL WILLARD,
President.

Attest:

CUSTIS W. WOOLFORD,
Secretary.

UNITED STATES MORTGAGE AND TRUST COMPANY,

by

(Corporate Seal)

CALVERT BREWER,
Vice-President.

Attest:

T. W. B. MIDDLETON,
Assistant Secretary.

STATE OF NEW YORK, }
COUNTY OF NEW YORK, } ss.:

On this 14th day of July, 1919, before me, a Notary Public in and for said City and State, having authority by law to take this proof and acknowledgement, personally came and appeared Daniel Willard, President of The Baltimore and Ohio Railroad Company, and Custis W. Woolford, Secretary of said Railroad Company, to me well and personally known to be such officers, respectively, of said corporation, and with whom I am personally acquainted, and who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such President and such Secretary, who, being by me severally and duly sworn, did each for himself depose and say: that he, said Daniel Willard, resides in the City of Baltimore, State of Maryland, and is President of said The Baltimore and Ohio Railroad Company, one of the corporations described in and which executed the foregoing instrument, and that he, said Custis W. Woolford, resides in the City of Baltimore, State of Maryland, and is Secretary of said Railroad Company; that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was thereto affixed by authority of its board of directors, and that they as such officers, being duly authorized so to do, signed, sealed and delivered said instrument by order and authority of said board of directors; and said Daniel Willard, President, and said Custis W. Woolford, Secretary, acknowledged that they signed, sealed and delivered said instrument as the free and voluntary act of The Baltimore and Ohio Railroad Company, and as their own free and voluntary act as such President and such Secretary, for the uses and purposes therein set forth.

Given under my hand and official seal this 14th day of July, 1919. My commission expires March 30, 1920.

(Notarial Seal) BENJAMIN F. CROWLEY,
Notary Public,
New York County No. 346.

STATE OF NEW YORK, }
 County of New York, } ss. :

On this 14th day of July, 1919, before me, a Notary Public in and for said County and State, having authority by law to take this proof and acknowledgment, personally came and appeared Calvert Brewer, Vice-President of United States Mortgage and Trust Company, and T. W. B. Middleton, one of the Assistant Secretaries of said Trust Company, to me well and personally known to be such officers, respectively, of said corporation and with whom I am personally acquainted, and who are personally known to me to be the same persons whose names are subscribed to the foregoing instrument, as such Vice-President and such Assistant Secretary, who, being by me severally and duly sworn, did, each for himself, depose and say: that he, said Calvert Brewer, resides in the Borough of Manhattan, City of New York, and is Vice-President of said United States Mortgage and Trust Company, one of the corporations described in and which executed the foregoing instrument, and that he, said T. W. B. Middleton, resides in Paterson, New Jersey, and is one of the Assistant Secretaries of said Trust Company; that he knows the corporate seal of said corporation; that the seal affixed to the foregoing instrument is the corporate seal of said corporation and was thereto affixed by authority of its board of directors and that they as such officers, being duly authorized so to do, signed, sealed and delivered said instrument by order and authority of said board of directors, and said Calvert Brewer, Vice-President, and said T. W. B. Middleton, Assistant Secretary, acknowledged that they signed, sealed and delivered said instrument as the free and voluntary act of said United States Mortgage and Trust Company, and as their own free and voluntary act as such Vice-President and as such Assistant Secretary, for the uses and purposes therein set forth.

Given under my hand and official seal this 14th day of July, 1919. My commission expires March 30, 1920.

(Notarial Seal) BENJAMIN F. CROWLEY,
 Notary Public,
 New York County No. 346.



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